



Leicester
City Council

**Adult Social Care
Deferred Payments Policy**

April 2015

Version 1

1. Summary of the Deferred Payment Scheme

The Deferred Payment Scheme is one way in which a person may be able to avoid having to sell their home in their lifetime in order to pay for their care.

Under the scheme, a person can delay the point in time at which they pay for their care. Leicester City Council will pay all or some of the costs on a person's behalf, and the person then repays the Council at a subsequent point in time.

The contents of this policy apply to Deferred Payments undertaken on or after 1st April 2015.

2. Eligibility for the Scheme

The scheme is not available to everyone. In order to be eligible, a person must meet all 3 of the following criteria:

- i) The applicant must have eligible needs that are being met in a care home. These are needs that the Council would meet in a care home setting were it not for a person's income or asset wealth;
- ii) The applicant must have less than or equal to £23,250 in assets (for 2015/16), excluding the value of their home. This will be maintained in line with the upper capital limit;
- iii) The applicant's home must be taken into account for the purposes of the financial means-test. Where a person's home is disregarded, for example where a spouse or dependent relative continues to live there, they will not be eligible to join the scheme.

3. Administration Charges

There is an administration charge payable where a person applies to join the Deferred Payment Scheme. This is a one-off charge to cover the cost to the Council of setting a person up on the scheme. This includes, for example, the cost of registering a charge with the Land Registry.

The one-off administration charge is reviewed annually. The current charge is listed in the schedule of charges available on the Council website.

A person may choose to add this charge to the amount being deferred, and interest will be charged on this, as outlined in section 4.

4. Interest Charges

Interest is charged on all amounts that are deferred, until the point at which they are repaid. The interest rate will be equal to the market gilts rate specified in the most recently published report by the Office of Budget responsibility, plus 0.15%.

The rate of interest will normally change on a 6-monthly basis (in January and June each year). The current rate of interest is listed in the schedule of charges available on the Council website.

5. Security

In order for an application to be successful, a person must have adequate assets to cover the amount that is being deferred. This is to ensure that all deferred amounts are repaid in full.

The Council will accept a legal mortgage charge against a property on the Land Register as security against debt accrued under the Deferred Payment Scheme. The Council (through the Head of Finance for Adult Social Care) will consider, on a case-by-case basis, any request for an alternative asset or guarantee to be used as security.

6. How much can be deferred?

A financial means test will be undertaken by the Council to determine the extent to which a person can afford to contribute from the income they receive. This means that a person may not always be able to defer the full amount of their care costs.

The Deferred Payments Scheme can be used to defer the core care costs that are incurred. A person may also defer top-up payments where these are considered by the Council to be sustainable and affordable, given the level of equity held by the applicant.

The maximum amount that a person may defer against a charge on a property is equal to 90% of the property value, minus the lower capital limit (£14,250 for 2015/16), minus any other encumbrances on the property (e.g. mortgage charges). Interest will continue to accrue where a person has reached the maximum amount they can defer.

7. Maintaining the Property

A person is required to adequately maintain and insure the property (including both buildings and contents insurance). Where this is not undertaken the Council may cease making further instalments under the agreement.

Where this occurs, interest will continue to accrue on the amount owed, until such time as the debt is repaid in full.

8. Terminating the Agreement and Repayment of Debt

The Deferred Payment Agreement will terminate following full repayment to the Council of all amounts owed. This could be:

- i) During the person's lifetime, whereby a person (or someone acting on their behalf) repays the full amount due;
- ii) When the property (or other form of security) is sold; or
- iii) When the person dies and the amount repaid from their estate.